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Energy and Technology Committee

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HB 5819 - An Act Concerning Energy Relief and Assistance

NRG is pleased to provide the following comments on draft bill HB 5819 - An Act Concerning Energy Relief and Assistance. My name is Ray Long. I am Director of the Northeast Region for NRG Energy, Inc. NRG is a competitive wholesale generator in Connecticut with power plants located in Montville, Middletown, Norwalk, Devon, Cos Cob, Torrington, and Branford. We operate over 2,000 MWs in Connecticut, enough power to serve over 1.4 million households.

NRG believes that this legislation is unnecessary for the following reasons:

- Similar bills for an Energy Authority were proposed, fully vetted and rejected in at least the past three legislative sessions.
- Comprehensive energy legislation was passed in 2005 and 2007. These laws provide significant safeguards for consumers and ensure that CT receives reliable and competitive generation. The 2007 Energy Act is being implemented now and should be allowed to work.
- There is no precedent for a the type of comprehensive state energy authority proposed in this bill, and no evidence that such an authority would provide benefit to Connecticut ratepayers and taxpayers. In fact, putting Connecticut in the energy business will create risk for the state of Connecticut and its consumers. Currently these risks are borne by the competitive and independent companies that generate the state's electricity. Finally, there is significant evidence that demonstrates

competitive power markets lead to higher efficiency and lower costs for consumers.

Energy market structures have been fully vetted in prior legislative sessions:

Over the past five years, the legislature has fully vetted many options to provide Connecticut's ratepayers with the most cost-effective generation available. The Legislature has already fully contemplated a the Power Authority concept, windfall profits tax, cost of service generation and utility owned generation in developing legislation that is now law. In 2005, the legislature passed the Energy Independence Act, which among other things created a competitive process for procuring peaking and baseload generation. In 2007, the legislature passed a comprehensive bill that included a competitive process currently underway to develop cost of service peaking generation, which could be developed by the utilities if their projects are in the best interests of ratepayers. Both utilities and competitive suppliers are participating in this competitive cost of service process before the DPUC. Most importantly, these processes are working.

Put simply, there is no need for new legislation that once again changes the course energy generation in Connecticut. With comprehensive legislation in place, it is important for Connecticut to now stay the course, and provide a consistent framework for market participants to respond to.

The 2005 Energy Independence Act and the 2007 Energy Act contain many protections for the state's consumers:

1. The 2007 Energy Act created a process for new peaking generation. Bids are being submitted by March 3rd by both utilities and other generation developers who are competing on price for a cost of service arrangement with the DPUC. The DPUC is expected to make a decision about whether to award any of the submitted projects in July.

2. The 2007 Energy Act created an integrated resource process to identify and procure CT's generation needs going forward. This process is underway at the CEAB. Identified resource needs are to be competitively bid and both utilities and other generators are allowed to participate.
3. Additionally, new generation is being developed in CT based on changes in the wholesale market. NRG, for example, is adding 40 MW of peakers to the Cos Cob plant in Greenwich. These new units will come on line this summer in time for the peak season

Hence, the functions contemplated for the proposed power authority are already being fulfilled by legislative initiatives in 2005 and 2007 – and without the creating another bureaucracy as would be the case if the state created a “power authority.”

Competitive markets provide the greatest benefit for consumers:

We urge the legislature to reject HB 5819 and allow the 2005 Energy Independence Act and the 2007 Energy Act to work. RFPs for intermediate, baseload and peaking generation that result in long term contracts or other payment mechanisms for investment in generation are the keys to getting the cleanest, most efficient and cost effective generation for Connecticut Ratepayers. The state can pick the projects based on need and ratepayer benefit. Competitively bid processes are the surest ways to insure that ratepayers get only the lowest priced, most efficient generation. As new efficient and low cost generation enters the market, older more expensive and less efficient generation will be forced out of the market. These competitive processes select generation projects on the basis of their impact on reliability and consumer costs, and Connecticut will get the benefit of knowing it has chosen the best priced offer for the type of generation needed. Ratepayers cannot be assured that the lowest cost capacity is constructed when a competitive RFP process is not employed.

As in the past, NRG stands ready to work with you to address these issues and move Connecticut forward. Thank you for providing NRG the opportunity to provide comments today.